

Rhythm Biosciences solid December Quarter, well positioned for 2019



29 January 2019, Melbourne: Medical diagnostics company Rhythm Biosciences (ASX: RHY) today announces its 2018 December quarter results. They show the company is in a sound position to deliver on the further development and commercialisation of its lead product ColoSTAT®, a simple, low cost blood test for the early detection of bowel cancer for the global mass market.

On the technical front, during the quarter, Rhythm successfully completed its key reagent development program, with a preferred pair of antibodies identified for the third and final target protein biomarker for the lead ColoSTAT® test.

In addition, Rhythm prepared, at laboratory scale, key reagents (antibodies and target proteins) for detection of the lead three biomarkers providing preliminary data that will help inform Rhythm's reagent scale up and manufacturing program, lessening its reliance on third party providers.

The company has established seed banks of antibody-producing cell lines to support the production of antibodies against its lead biomarker targets.

The company's next steps will be to scale-up the manufacture of these key reagents and integrate them into a robust, reproducible ColoSTAT® test. The performance of the finalised tests will be verified using cancer patient blood samples in Study 6, which is on track for completion in 2019.

Completion of Study 6 will pave the way for the pivotal clinical trial of the ColoSTAT® test, Study 7, which will be a 1000-patient clinical trial, expected to be completed in 2019.

In a clear signal of the company's growing commercial focus, in November Mr Glenn Gilbert, was promoted from chief operating officer to chief executive officer. Dr Trevor Lockett stood aside from his CEO/MD role to assume a new position as the company's technology director.

Also in the quarter, the ColoSTAT® trade mark was registered to Rhythm's wholly owned subsidiary, Vision Tech Bio Pty Ltd. in Australia, the UK, Europe and India, remaining pending only in the US.

On the financial front, during the quarter the company received \$283,796 from its R&D Tax Incentive claim for the 2017-18 financial year. This, Rhythm's inaugural R&D refund, will contribute to assay optimisation, kit development, manufacturing scale-up and clinical trials.

In summary and looking forward:

Rhythm's two-year strategy to deliver applications for regulatory approval to sell ColoSTAT® in Europe and Australia to be lodged by early 2020, as outlined in our prospectus, remains on track.

- Both Kit Development and Study 6 activities remain on track for completion in 2019.
- The Study 7 (clinical trial) remains on track and is expected to be completed in 2019.
- Rhythm's ISO13485 quality certification is expected to be completed in 2019.
- In 2020 we expect to have granted a CE mark for UK and Europe, and registration with the Therapeutic Goods Administration (TGA) here in Australia.

Rhythm is well-placed in its path to making ColoSTAT® a commercial reality and save thousands of lives annually.

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For further information please contact:

Glenn Gilbert
Chief Executive Officer
+61 3 8256 2880

Shane Tanner
Chairman
+61 411 107 099

Media Contact:

Rudi Michelson
Monsoon Communications
+61 3 9620 3333

About Rhythm Biosciences

ASX-listed Rhythm Biosciences is developing and commercialising a screening and diagnostic tool for the early detection of colorectal cancer, the third biggest cause of cancer-related deaths globally.

Rhythm's lead product, ColoSTAT®, is intended to be a simple, affordable, minimally invasive and effective blood test for the early detection of bowel cancer for the global mass market. It is expected to be comparable to, if not better than the current standard of care, the faecal immunochemical test (FIT), at a lower cost. ColoSTAT® also provides an alternative for those who choose not to or are unable to be assessed using standard screening programs.

ColoSTAT® is designed to be used easily by laboratories without the need for additional operator training or additional infrastructure.

ColoSTAT® has the potential to play an important role in reducing the morbidity and mortality rates and healthcare costs associated with colorectal cancer. Over 850,000 people die from colorectal cancer each year.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

RHYTHM BIOSCIENCES LIMITED

ABN

59 619 459 335

Quarter ended ("current quarter")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(516)	(913)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs (not included above)	(79)	(154)
(f) administration and corporate costs	(148)	(518)
1.3 Dividends received (see note 3)		
1.4 Interest received	33	82
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	284	284
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(428)	(1,221)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(80)	(99)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other – long term deposit		
2.6 Net cash from / (used in) investing activities	(80)	(99)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings – insurance short term loan	(34)	(34)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(34)	(34)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	6,968	7,780
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(428)	(1,221)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(80)	(99)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(34)	(34)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	6,426	6,426

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	47	13
5.2	Call deposits	6,379	6,955
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,426	6,968

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

140

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Director fees and salaries.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	683
9.2 Product manufacturing and operating costs	128
9.3 Advertising and marketing	30
9.4 Leased assets	-
9.5 Staff costs	282
9.6 Administration and corporate costs	234
9.7 Other (provide details if material)	30
9.8 Total estimated cash outflows	1,387

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

